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JACK ANDERSON'S WASHINGTON LETTER  
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Dear Subscriber:

The Walker family espionage case has shaken the Pentagon, which is desperately trying to stop the flow of military secrets to the Soviets by spies and traitors. But little attention is being paid to a problem that is potentially just as serious: the diversion of high-tech secrets to the Kremlin through our allies.

WITH FRIENDS LIKE THESE...

I've seen three secret CIA reports that deal with this problem, and they lead me to the inescapable conclusion that we must change the basic rules of trade with our allies.

According to the CIA, the two worst high-tech sieves are West Germany and Japan. The West Germans in particular pay only lip service to the idea of keeping secret U.S. technology out of Soviet hands. With friends like these, we hardly need to worry about enemies in our midst.

How extensive is the problem? Between 1966 and mid-1982, the CIA claims it identified 261 "probable instances" of high-tech diversion to the Soviet bloc and 232 "possible instances," or a total of 493. West Germany was responsible for 243 of these leaks; Japan was blamed for 85.

How is it done? Illegal trade and old-fashioned espionage are "the main mechanisms for the diversion of strategic technology from West Germany to the (Soviet) bloc," according to the CIA. The techniques range from deliberate mislabeling of container contents and false addresses on shipments, disguising their true destination, to flat-out bribery of German customs officials by the KGB.

Why is West Germany such easy pickings for Soviet high-tech thieves? Geography has something to do with it, of course, but the main reason is economic pressure. West Germany is still struggling through a prolonged recession, especially in such high-tech areas as mechanical and electrical engineering, electronics and specialty steels. The domestic market for these goods and services has been sluggish for many years, so West German firms have turned to exports for survival--and the Soviets are willing buyers.

More than two million West Germans are out of work. "High unemployment could encourage political instability, which in turn could reduce the government's ability to make major trade control initiatives," one CIA report explains.

The secret reports fault the West German government as much as the small, hungry entrepreneurs who are the main source of Soviet high-tech plunder. The CIA notes, for example, that export controls are the responsibility of the Ministry of Economics, which is also supposed to encourage exports--a clear fox-and-henhouse setup if there ever was one.

The techniques used by the Soviets in Japan may vary a little, but the end result is the same: Western technology winds up in the Soviet Union. The KGB's Japanese suppliers favor multiple transshipments--to as many as five intermediate destinations--and the creation of dummy corporations as the most effective means of getting around export restrictions.

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The CIA accuses the Japanese government of deliberately avoiding the necessary steps to stop the continuing hemorrhage of vital high-tech secrets.

Footnote: A CIA source was fretting about the Walker family spy case recently, bemoaning the difficulty of trying to identify potential traitors before they can do any harm. This source recalled the case of Christopher Boyce, who worked for a defense contractor, and his cocaine-sniffing pal, Andrew Daulton Lee. They sold top secret material to the Soviets for a paltry \$76,000. My source said the CIA changed its security procedures. A CIA document notes that since the Boyce case, the agency has been giving polygraph tests to contractors' employees with access to CIA information. "The Boyce case surfaced a need for a program of periodic, unannounced, comprehensive security audits of industrial contractor facilities," the document states.